

## Critical Access Hospitals

**ISSUE:** The Congress mandated that MedPAC “analyze the effect on total payments, growth in costs, capital spending, and such other payment effects” of a broad range of rural provisions in the MMA. This report is due in December 2006. As an interim step, the Congress also mandated that “The Commission shall submit to Congress an interim report on the matters...with respect to changes to the Critical Access Hospital provision under section 405” of the MMA. This interim report on Critical Access Hospital (CAH) provisions in the MMA is due in June 2005.

**KEY POINTS:** We will lay the groundwork for our June report by presenting data on the current status of the CAH program. In particular we will examine: the growth in the program, benefits to converting hospitals, and the cost of the program. We will also discuss how hospitals’ financial incentives change with a shift to cost-based reimbursement.

**ACTION:** The Commission will discuss these issues and provide its views on current CAH policies.

**STAFF CONTACT:** Jeffrey Stensland (202-653-3726)